End The TARP Program

December 9, 2009

TARP Is Not Making A Profit For Taxpayers. To date, the Treasury Department has received around $13 billion from interest and dividend payments, the sale value of stock and the sale of stock warrants for the government's financial interventions using the TARP program, and Treasury projecting that number to increase to at least $19 billion. But that hardly makes up for the $159 billion that the CBO projects that TARP will cost taxpayers. The Treasury Department has already acknowledged losing $60 billion alone on the government's interventions in Chrysler, GM and AIG.

TARP Should End Immediately And All TARP Payments Should Go Toward Reducing The Deficit. President Obama has extended the TARP program to October 3, 2010, and both he and House Democrats are proposing to tap TARP funds to pay for programs unrelated to the financial emergency that our economy faced in 2008. In fact, Chairman Frank's "Managers Amendment" to H.R. 4173 would divert $4 billion from TARP a number of foreclosure mitigation and neighborhood stabilization programs.

- TARP was originally passed in response to an extraordinary crisis in our financial markets, and Congress intended for taxpayers to be repaid once the crisis subsided. TARP was never intended to be used as a revolving slush fund to pay for the Majority's political, economic or social agenda. Any unused or repaid TARP funds should be returned to those who originally paid for it - the American taxpayers.

- Current law states that repaid TARP funds are to be used to reduce the debt, and Speaker Pelosi's own TARP press release of September 29, 2008, assured Americans that they would be "repaid in full."

Taxpayers Should Not Be Asked To Sink More Money Into The Democrats' Failed Housing Agenda. Congress, the Administration, and the private sector have already put in place a number of programs intended to help struggling families stay in their homes. These programs have not achieved the goals they were intended to accomplish, and pumping more taxpayer money into them will not make them any more effective. Existing foreclosure mitigation and neighborhood stabilization programs include:

Congressionally Authorized Programs

Neighborhood Stabilization Program

Description: Provides funds to states, localities and non-profits to purchase foreclosed and abandoned home and provide technical assistance.

Cost: $5.85 billion: $3.92 billion [authorized by H.R. 3221]; $1.93 billion [authorized by H.R. 1].

Stimulus Homelessness Prevention Programs

Description: $1.5 billion to states through CDBG program to provide renter assistance, reducing homelessness and avoiding entry into shelters.

Cost: $1.5 billion [authorized by H.R. 1]

National Foreclosure Mitigation Counseling Program

Description: Provides Neighbor Works funds to distribute to eligible groups to carry out foreclosure prevention counseling.

Cost: $410 million: 2008 Consolidated Appropriations Act: $180 million; H.R. 3221: $180 million; 2009 Omnibus: $50 million.

Hope for Homeowners

Description: Provides distressed homeowners with new FHA-backed mortgages with principal write downs.

Cost: H.R. 3221 authorized up to $300 billion in H4H mortgage principal to be insured by FHA.

Administration Programs

Making Home Affordable

Description: Reduces mortgage payments through re-financings and loan modifications; provides foreclosure alternatives.

Cost: $75 billion: $50 billion from TARP; $25 billion will come from GSEs

FHASecure

Description: Allowed eligible borrowers to re-finance non-FHA ARMs into fixed rate FHA loans. Expired 12/31/08.

Cost: None: Borrowers paid FHA premiums for FHASecure.

Federal Reserve Programs

Home Ownership Preservation Policy

Description: Provides guidelines to prevent foreclosures on residential mortgages that the Federal Reserve Banks hold, own, or control subject to Section 110 of the Emergency Economic Stabilization Act of 2008 (EESA).

FDIC

IndyMac Loan Modifications

Description: FDIC provided loan modifications to borrowers with loans from failed Indy Mac Bank.

Impact: FDIC implemented about 13,000 loan modifications while it was the conservator of Indy Mac according remarks made by Chairman Bair.

GSEs

Streamlined Modification Program

Description: Loan modifications including interest rate reductions, term extensions and write downs for GSE held loans and loans of certain servicers. Program retired and replaced by Making Home Affordable.

Fannie Mae HomeSaver Advance

Description: Allows delinquent borrowers able to make current mortgage payments to receive loans in order to repay the late payments and bring accounts current.

Private Sector Programs

Hope Now Alliance

Description: Consortium of mortgage market participants provides foreclosure prevention services to borrowers including a hotline, workshops and counseling.